

less the Secretary renders a decision thereon within that time, nor after the expiration of 2 years from the date of mailing by certified mail or registered mail by the Secretary to the taxpayer of a notice of the disallowance of the part of the claim to which the suit or proceeding relates.

(2) Extension of time

The 2-year period prescribed in paragraph (1) shall be extended for such period as may be agreed upon in writing between the taxpayer and the Secretary.

(3) Waiver of notice of disallowance

If any person files a written waiver of the requirement that he be mailed a notice of disallowance, the 2-year period prescribed in paragraph (1) shall begin on the date such waiver is filed.

(4) Reconsideration after mailing of notice

Any consideration, reconsideration, or action by the Secretary with respect to such claim following the mailing of a notice by certified mail or registered mail of disallowance shall not operate to extend the period within which suit may be begun.

(5) Cross reference

For substitution of 120-day period for the 6-month period contained in paragraph (1) in a title 11 case, see section 505(a)(2) of title 11 of the United States Code.

(b) Suits by United States for recovery of erroneous refunds

Recovery of an erroneous refund by suit under section 7405 shall be allowed only if such suit is begun within 2 years after the making of such refund, except that such suit may be brought at any time within 5 years from the making of the refund if it appears that any part of the refund was induced by fraud or misrepresentation of a material fact.

(c) Suits by persons other than taxpayers

(1) General rule

Except as provided by paragraph (2), no suit or proceeding under section 7426 shall be begun after the expiration of 9 months from the date of the levy or agreement giving rise to such action.

(2) Period when claim is filed

If a request is made for the return of property described in section 6343(b), the 9-month period prescribed in paragraph (1) shall be extended for a period of 12 months from the date of filing of such request or for a period of 6 months from the date of mailing by registered or certified mail by the Secretary to the person making such request of a notice of disallowance of the part of the request to which the action relates, whichever is shorter.

(Aug. 16, 1954, ch. 736, 68A Stat. 816; Pub. L. 85-866, title I, § 89(b), Sept. 2, 1958, 72 Stat. 1665; Pub. L. 89-719, title I, § 110(b), Nov. 2, 1966, 80 Stat. 1144; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 96-589, § 6(d)(4), Dec. 24, 1980, 94 Stat. 3408.)

AMENDMENTS

1980—Subsec. (a)(5). Pub. L. 96-589 added par. (5).

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary” wherever appearing.

1966—Subsec. (c). Pub. L. 89-719 added subsec. (c).

1958—Subsec. (a)(1), (4). Pub. L. 85-866 inserted “certified mail or” before “registered mail” wherever appearing.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-589 effective Oct. 1, 1979, but not applicable to proceedings under Title 11, Bankruptcy, commenced before Oct. 1, 1979, see section 7(e) of Pub. L. 96-589, set out as a note under section 108 of this title.

EFFECTIVE DATE OF 1966 AMENDMENT

Amendment by Pub. L. 89-719 applicable after Nov. 2, 1966, regardless of when title or lien of United States arose or when lien or interest of another person was acquired, with certain exceptions, see section 114(a)-(c) of Pub. L. 89-719, set out as a note under section 6323 of this title.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by Pub. L. 85-866 applicable only if mailing occurs after Sept. 2, 1958, see section 89(d) of Pub. L. 85-866, set out as a note under section 7502 of this title.

§ 6533. Cross references

(1) For period of limitation in respect of civil actions for fines, penalties, and forfeitures, see section 2462 of Title 28 of the United States Code.

(2) For extensions of time by reason of armed service in a combat zone, see section 7508.

(3) For suspension of running of statute until 3 years after termination of hostilities, see section 3287 of Title 18.

(Aug. 16, 1954, ch. 736, 68A Stat. 816.)

CHAPTER 67—INTEREST

Subchapter	Sec. ¹
A. Interest on underpayments	6601
B. Interest on overpayments	6611
C. Determination of interest rate; compounding of interest	6621
D. Notice requirements	6631

AMENDMENTS

1998—Pub. L. 105-206, title III, § 3308(b), July 22, 1998, 112 Stat. 745, added item for subchapter D.

1982—Pub. L. 97-248, title III, § 344(b)(3)(B), Sept. 3, 1982, 96 Stat. 636, inserted “; compounding of interest” after “rate” in item for subchapter C.

1975—Pub. L. 93-625, § 7(d)(5), Jan. 3, 1975, 88 Stat. 2115, added item for subchapter C.

Subchapter A—Interest on Underpayments

Sec.	
6601.	Interest on underpayment, nonpayment, or extensions of time for payment, of tax.
6602.	Interest on erroneous refund recoverable by suit.
6603.	Deposits made to suspend running of interest on potential underpayments, etc.

AMENDMENTS

2004—Pub. L. 108-357, title VIII, § 842(b), Oct. 22, 2004, 118 Stat. 1599, added item 6603.

§ 6601. Interest on underpayment, nonpayment, or extensions of time for payment, of tax

(a) General rule

If any amount of tax imposed by this title (whether required to be shown on a return, or to

¹ Section numbers editorially supplied.

be paid by stamp or by some other method) is not paid on or before the last date prescribed for payment, interest on such amount at the underpayment rate established under section 6621 shall be paid for the period from such last date to the date paid.

(b) Last date prescribed for payment

For purposes of this section, the last date prescribed for payment of the tax shall be determined under chapter 62 with the application of the following rules:

(1) Extensions of time disregarded

The last date prescribed for payment shall be determined without regard to any extension of time for payment or any installment agreement entered into under section 6159.

(2) Installment payments

In the case of an election under section 6156(a)¹ to pay the tax in installments—

(A) The date prescribed for payment of each installment of the tax shown on the return shall be determined under section 6156(b),¹ and

(B) The last date prescribed for payment of the first installment shall be deemed the last date prescribed for payment of any portion of the tax not shown on the return.

(3) Jeopardy

The last date prescribed for payment shall be determined without regard to any notice and demand for payment issued, by reason of jeopardy (as provided in chapter 70), prior to the last date otherwise prescribed for such payment.

(4) Accumulated earnings tax

In the case of the tax imposed by section 531 for any taxable year, the last date prescribed for payment shall be deemed to be the due date (without regard to extensions) for the return of tax imposed by subtitle A for such taxable year.

(5) Last date for payment not otherwise prescribed

In the case of taxes payable by stamp and in all other cases in which the last date for payment is not otherwise prescribed, the last date for payment shall be deemed to be the date the liability for tax arises (and in no event shall be later than the date notice and demand for the tax is made by the Secretary).

(c) Suspension of interest in certain income, estate, gift, and certain excise tax cases

In the case of a deficiency as defined in section 6211 (relating to income, estate, gift, and certain excise taxes), if a waiver of restrictions under section 6213(d) on the assessment of such deficiency has been filed, and if notice and demand by the Secretary for payment of such deficiency is not made within 30 days after the filing of such waiver, interest shall not be imposed on such deficiency for the period beginning immediately after such 30th day and ending with the date of notice and demand and interest shall not be imposed during such period on any interest

with respect to such deficiency for any prior period. In the case of a settlement under section 6224(c) which results in the conversion of partnership items to nonpartnership items pursuant to section 6231(b)(1)(C), the preceding sentence shall apply to a computational adjustment resulting from such settlement in the same manner as if such adjustment were a deficiency and such settlement were a waiver referred to in the preceding sentence.

(d) Income tax reduced by carryback or adjustment for certain unused deductions

(1) Net operating loss or capital loss carryback

If the amount of any tax imposed by subtitle A is reduced by reason of a carryback of a net operating loss or net capital loss, such reduction in tax shall not affect the computation of interest under this section for the period ending with the filing date for the taxable year in which the net operating loss or net capital loss arises.

(2) Foreign tax credit carrybacks

If any credit allowed for any taxable year is increased by reason of a carryback of tax paid or accrued to foreign countries or possessions of the United States, such increase shall not affect the computation of interest under this section for the period ending with the filing date for the taxable year in which such taxes were in fact paid or accrued, or, with respect to any portion of such credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such increase shall not affect the computation of interest under this section for the period ending with the filing date for such subsequent taxable year.

(3) Certain credit carrybacks

(A) In general

If any credit allowed for any taxable year is increased by reason of a credit carryback, such increase shall not affect the computation of interest under this section for the period ending with the filing date for the taxable year in which the credit carryback arises, or, with respect to any portion of a credit carryback from a taxable year attributable to a net operating loss carryback, capital loss carryback, or other credit carryback from a subsequent taxable year, such increase shall not affect the computation of interest under this section for the period ending with the filing date for such subsequent taxable year.

(B) Credit carryback defined

For purposes of this paragraph, the term “credit carryback” has the meaning given such term by section 6511(d)(4)(C).

(4) Filing date

For purposes of this subsection, the term “filing date” has the meaning given to such term by section 6611(f)(4)(A).

(e) Applicable rules

Except as otherwise provided in this title—

(1) Interest treated as tax

Interest prescribed under this section on any tax shall be paid upon notice and demand, and

¹ See References in Text note below.

shall be assessed, collected, and paid in the same manner as taxes. Any reference to this title (except subchapter B of chapter 63, relating to deficiency procedures) to any tax imposed by this title shall be deemed also to refer to interest imposed by this section on such tax.

(2) Interest on penalties, additional amounts, or additions to the tax

(A) In general

Interest shall be imposed under subsection (a) in respect of any assessable penalty, additional amount, or addition to the tax (other than an addition to tax imposed under section 6651(a)(1) or 6653 or under part II of subchapter A of chapter 68) only if such assessable penalty, additional amount, or addition to the tax is not paid within 21 calendar days from the date of notice and demand therefor (10 business days if the amount for which such notice and demand is made equals or exceeds \$100,000), and in such case interest shall be imposed only for the period from the date of the notice and demand to the date of payment.

(B) Interest on certain additions to tax

Interest shall be imposed under this section with respect to any addition to tax imposed by section 6651(a)(1) or 6653 or under part II of subchapter A of chapter 68 for the period which—

- (i) begins on the date on which the return of the tax with respect to which such addition to tax is imposed is required to be filed (including any extensions), and
- (ii) ends on the date of payment of such addition to tax.

(3) Payments made within specified period after notice and demand

If notice and demand is made for payment of any amount and if such amount is paid within 21 calendar days (10 business days if the amount for which such notice and demand is made equals or exceeds \$100,000) after the date of such notice and demand, interest under this section on the amount so paid shall not be imposed for the period after the date of such notice and demand.

(f) Satisfaction by credits

If any portion of a tax is satisfied by credit of an overpayment, then no interest shall be imposed under this section on the portion of the tax so satisfied for any period during which, if the credit had not been made, interest would have been allowable with respect to such overpayment. The preceding sentence shall not apply to the extent that section 6621(d) applies.

(g) Limitation on assessment and collection

Interest prescribed under this section on any tax may be assessed and collected at any time during the period within which the tax to which such interest relates may be collected.

(h) Exception as to estimated tax

This section shall not apply to any failure to pay any estimated tax required to be paid by section 6654 or 6655.

(i) Exception as to Federal unemployment tax

This section shall not apply to any failure to make a payment of tax imposed by section 3301 for a calendar quarter or other period within a taxable year required under authority of section 6157.

(j) 2-percent rate on certain portion of estate tax extended under section 6166

(1) In general

If the time for payment of an amount of tax imposed by chapter 11 is extended as provided in section 6166, then in lieu of the annual rate provided by subsection (a)—

- (A) interest on the 2-percent portion of such amount shall be paid at the rate of 2 percent, and
- (B) interest on so much of such amount as exceeds the 2-percent portion shall be paid at a rate equal to 45 percent of the annual rate provided by subsection (a).

For purposes of this subsection, the amount of any deficiency which is prorated to installments payable under section 6166 shall be treated as an amount of tax payable in installments under such section.

(2) 2-percent portion

For purposes of this subsection, the term “2-percent portion” means the lesser of—

- (A)(i) the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the sum of \$1,000,000 and the applicable exclusion amount in effect under section 2010(c), reduced by
- (ii) the applicable credit amount in effect under section 2010(c), or
- (B) the amount of the tax imposed by chapter 11 which is extended as provided in section 6166.

(3) Inflation adjustment

In the case of estates of decedents dying in a calendar year after 1998, the \$1,000,000 amount contained in paragraph (2)(A) shall be increased by an amount equal to—

- (A) \$1,000,000, multiplied by
- (B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting “calendar year 1997” for “calendar year 1992” in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$10,000, such amount shall be rounded to the next lowest multiple of \$10,000.

(4) Treatment of payments

If the amount of tax imposed by chapter 11 which is extended as provided in section 6166 exceeds the 2-percent portion, any payment of a portion of such amount shall, for purposes of computing interest for periods after such payment, be treated as reducing the 2-percent portion by an amount which bears the same ratio to the amount of such payment as the amount of the 2-percent portion (determined without regard to this paragraph) bears to the amount

of the tax which is extended as provided in section 6166.

(k) No interest on certain adjustments

For provisions prohibiting interest on certain adjustments in tax, see section 6205(a).

(Aug. 16, 1954, ch. 736, 68A Stat. 817; Pub. L. 85-866, title I, §§66(c), 83(a)(1), 84(a), title II, §206(e), Sept. 2, 1958, 72 Stat. 1658, 1663, 1664, 1685; Pub. L. 87-61, title II, §203(c)(2), June 29, 1961, 75 Stat. 126; Pub. L. 87-834, §2(e)(3), Oct. 16, 1962, 76 Stat. 972; Pub. L. 88-571, §3(d), Sept. 2, 1964, 78 Stat. 858; Pub. L. 89-384, §1(f), Apr. 8, 1966, 80 Stat. 104; Pub. L. 90-225, §2(e), Dec. 27, 1967, 81 Stat. 731; Pub. L. 91-53, §2(e), Aug. 7, 1969, 83 Stat. 92; Pub. L. 91-172, title I, §101(j)(49), title V, §512(e)(3), Dec. 30, 1969, 83 Stat. 531, 641; Pub. L. 92-178, title VI, §601(d)(3), Dec. 10, 1971, 85 Stat. 559; Pub. L. 93-406, title II, §1016(a)(17), Sept. 2, 1974, 88 Stat. 930; Pub. L. 93-625, §7(a)(2)(A), (b)(1), Jan. 3, 1975, 88 Stat. 2115; Pub. L. 94-452, §3(c)(3), Oct. 2, 1976, 90 Stat. 1514; Pub. L. 94-455, title XIII, §1307(d)(2)(H), title XVI, §1605(b)(10), title XIX, §§1906(a)(34), (b)(13)(A), title XX, §2004(b), title XXI, §2107(g)(2)(C), Oct. 4, 1976, 90 Stat. 1728, 1755, 1829, 1834, 1867, 1904; Pub. L. 95-30, title II, §202(d)(4)(C), May 23, 1977, 91 Stat. 150; Pub. L. 95-628, §8(c)(2), Nov. 10, 1978, 92 Stat. 3632; Pub. L. 96-223, title I, §101(f)(7), Apr. 2, 1980, 94 Stat. 253; Pub. L. 97-248, title III, §§344(b)(1), 346(c)(2), Sept. 3, 1982, 96 Stat. 635, 637; Pub. L. 98-76, title II, §231(b)(2)(D), Aug. 12, 1983, 97 Stat. 429; Pub. L. 98-369, div. A, title I, §158(a), title II, §211(b)(26), title IV, §412(b)(7), title VII, §714(n)(1), July 18, 1984, 98 Stat. 696, 757, 792, 963; Pub. L. 99-514, title XIV, §1404(c)(3), title XV, §§1511(c)(11), 1512(a), 1564(a), Oct. 22, 1986, 100 Stat. 2714, 2745, 2746, 2762; Pub. L. 100-203, title X, §10301(b)(5), Dec. 22, 1987, 101 Stat. 1330-429; Pub. L. 100-647, title I, §§1015(b)(2)(C), 1018(u)(42), title VI, §6234(b)(1), title VII, §7106(c)(5), Nov. 10, 1988, 102 Stat. 3569, 3592, 3736, 3774; Pub. L. 101-239, title VII, §7721(c)(8), Dec. 19, 1989, 103 Stat. 2400; Pub. L. 101-508, title XI, §11801(c)(20)(B), Nov. 5, 1990, 104 Stat. 1388-528; Pub. L. 104-168, title III, §303(a), (b)(1), July 30, 1996, 110 Stat. 1458; Pub. L. 105-34, title V, §§501(e), 503(a), (c)(2), (3), title X, §1055(a), title XII, §1242(a), Aug. 5, 1997, 111 Stat. 846, 852, 853, 944, 1029; Pub. L. 105-206, title III, §3301(b), July 22, 1998, 112 Stat. 741; Pub. L. 109-135, title IV, §409(a)(2), Dec. 21, 2005, 119 Stat. 2635.)

ADJUSTMENT OF DOLLAR AMOUNT USED IN DETERMINING "2-PERCENT PORTION"

For adjustment of dollar amount used in determining "2-percent portion" for purpose of calculating interest under subsection (j) of this section in the case of decedents dying in calendar year 2006, see section 3.35 of Revenue Procedure 2005-70, set out as a note under section 1 of this title.

REFERENCES IN TEXT

Section 6156, referred to in subsec. (b)(2), was repealed by Pub. L. 108-357, title VIII, §867(b)(1), Oct. 22, 2004, 118 Stat. 1622.

AMENDMENTS

2005—Subsec. (d)(4). Pub. L. 109-135 substituted "6611(f)(4)(A)" for "6611(f)(3)(A)".

1998—Subsec. (f). Pub. L. 105-206 inserted at end "The preceding sentence shall not apply to the extent that section 6621(d) applies."

1997—Subsec. (c). Pub. L. 105-34, §1242(a), inserted at end "In the case of a settlement under section 6224(c) which results in the conversion of partnership items to nonpartnership items pursuant to section 6231(b)(1)(C), the preceding sentence shall apply to a computational adjustment resulting from such settlement in the same manner as if such adjustment were a deficiency and such settlement were a waiver referred to in the preceding sentence."

Subsec. (d)(2) to (4). Pub. L. 105-34, §1055(a), added par. (2) and redesignated former pars. (2) and (3) as (3) and (4), respectively.

Subsec. (j). Pub. L. 105-34, §503(c)(3), substituted "2-percent" for "4-percent" in heading.

Subsec. (j)(1). Pub. L. 105-34, §503(a), reenacted par. heading without change and amended text generally. Prior to amendment, text read as follows: "If the time for payment of an amount of tax imposed by chapter 11 is extended as provided in section 6166, interest on the 4-percent portion of such amount shall (in lieu of the annual rate provided by subsection (a)) be paid at the rate of 4 percent. For purposes of this subsection, the amount of any deficiency which is prorated to installments payable under section 6166 shall be treated as an amount of tax payable in installments under such section."

Subsec. (j)(2). Pub. L. 105-34, §503(a), amended heading and text generally. Prior to amendment, text read as follows: "For purposes of this subsection, the term '4-percent portion' means the lesser of—

"(A) \$345,800 reduced by the amount of the credit allowable under section 2010(a); or

"(B) the amount of the tax imposed by chapter 11 which is extended as provided in section 6166."

Subsec. (j)(3). Pub. L. 105-34, §501(e), added par. (3). Former par. (3) redesignated (4).

Subsec. (j)(4). Pub. L. 105-34, §503(c)(2), substituted "2-percent" for "4-percent" wherever appearing.

Pub. L. 105-34, §501(e), redesignated par. (3) as (4).

1996—Subsec. (e)(2)(A). Pub. L. 104-168, §303(b)(1), substituted "21 calendar days from the date of notice and demand therefor (10 business days if the amount for which such notice and demand is made equals or exceeds \$100,000)" for "10 days from the date of notice and demand therefor".

Subsec. (e)(3). Pub. L. 104-168, §303(a), substituted "specified period" for "10 days" in heading and amended text generally. Prior to amendment, text read as follows: "If notice and demand is made for payment of any amount, and if such amount is paid within 10 days after the date of such notice and demand interest under this section on the amount so paid shall not be imposed for the period after the date of such notice and demand."

1990—Subsec. (b)(2). Pub. L. 101-508 struck out "or 6158(a)" after "6156(a)" in introductory provisions, struck out "or 6158(a), as the case may be" after "6156(a)" in subpar. (A), and struck out at end "For purposes of subparagraph (A), section 6158(a) shall be treated as providing that the date prescribed for payment of each installment shall not be later than the date prescribed for payment of the 1985 installment."

1989—Subsec. (e)(2). Pub. L. 101-239 substituted "section 6651(a)(1) or 6653 or under part II of subchapter A of chapter 68" for "section 6651(a)(1), 6653, 6659, 6660, or 6661" in subpars. (A) and (B).

1988—Subsec. (b)(1). Pub. L. 100-647, §6234(b)(1), inserted "or any installment agreement entered into under section 6159" after "time for payment".

Subsec. (b)(2). Pub. L. 100-647, §1018(u)(42), made technical correction to directory language of Pub. L. 99-514, §1404(c)(3), see 1986 Amendment note below.

Subsec. (e)(2)(A), (B). Pub. L. 100-647, §1015(b)(2)(C), substituted "6653, 6659" for "6659".

Subsec. (i). Pub. L. 100-647, §7106(c)(5), struck out "or 3321" after "3301".

1987—Subsec. (h). Pub. L. 100-203 substituted "section 6654 or 6655" for "section 6154 or 6654".

1986—Subsec. (a). Pub. L. 99-514, §1511(c)(11), substituted “the underpayment rate established under section 6621” for “an annual rate established under section 6621”.

Subsec. (b)(2). Pub. L. 99-514, §1404(c)(3), as amended by Pub. L. 100-647, §1018(u)(42), substituted “6156(a) or 6158(a)” for “6152(a), 6156(a), or 6158(a)” in introductory provisions and “6156(b) or 6158(a)” for “6152(b), 6156(b), or 6158(a)” in subpar. (A).

Subsec. (b)(4), (5). Pub. L. 99-514, §1512(a), added par. (4) and redesignated former par. (4) as (5).

Subsec. (c). Pub. L. 99-514, §1564(a), inserted “and interest shall not be imposed during such period on any interest with respect to such deficiency for any prior period”.

1984—Subsec. (d)(2)(A). Pub. L. 98-369, §714(n)(1), made technical correction to directory language of Pub. L. 97-248, §346(c)(2)(B). See 1982 Amendment note below.

Subsec. (d)(3), (4). Pub. L. 98-369, §211(b)(26), redesignated par. (4) as (3) and struck out former par. (3) which had provided that if the amount of any tax imposed by subtitle A was reduced by operation of section 815(d)(5) (relating to reduction of policyholders surplus account of life insurance companies for certain unused deductions), such reduction in tax would not affect the computation of interest under this section for the period ending with the last day of the last taxable year to which the loss described in section 815(d)(5)(A) was carried under section 812(b)(2).

Subsec. (e)(2). Pub. L. 98-369, §158(a), in amending par. (2) generally, inserted “(other than an addition to tax imposed under section 6651(a)(1), 6659, 6660, or 6661)”, and added subpar. (B).

Subsec. (h). Pub. L. 98-369, §412(b)(7), amended subsec. (h) generally, substituting “any estimated tax required to be paid by section 6154 or 6654” for “estimated tax required by section 6153 or section 6154”.

1983—Subsec. (i). Pub. L. 98-76 inserted “or 3321” after “3301”.

1982—Subsec. (d)(1). Pub. L. 97-248, §346(c)(2)(A), substituted “the filing date for the taxable year” for “the last day of the taxable year”.

Subsec. (d)(2)(A). Pub. L. 97-248, §346(c)(2)(B), as amended by Pub. L. 98-369, §346(c)(2)(B), substituted “the filing date for” for “the last day of” in two places.

Subsec. (d)(4). Pub. L. 97-248, §346(c)(2)(C), added par. (4).

Subsec. (e). Pub. L. 97-248, §344(b)(1), struck out par. (2) which had provided that no interest under this section was to be imposed on the interest provided by this section, and redesignated pars. (3) and (4) as (2) and (3), respectively.

1980—Subsec. (c). Pub. L. 96-223 substituted “certain excise tax cases” for “chapter 41, 42, 43, or 44 tax cases” in heading.

1978—Subsec. (d)(2). Pub. L. 95-628, §8(c)(2)(A), substituted in heading “Certain credit carrybacks” for “Investment credit carryback”, designated existing provision as subpar. (A), and in subpar. (A) as so designated, inserted heading “In general” and in text extended the application of the provision to credit carrybacks, previously limited to investment credit carrybacks, included other credit carrybacks, and added subpar. (B).

Subsec. (d)(4), (5). Pub. L. 95-628, §8(c)(2)(B), struck out pars. (4) and (5) which provided for work incentive program credit carrybacks and new employee credit carrybacks, respectively.

1977—Subsec. (d)(5). Pub. L. 95-30 added par. (5).

1976—Subsec. (b)(2). Pub. L. 94-452 substituted “, 6156(a), or 6158(a)” for “or 6156(a)” and “, 6156(b), or 6158(a)” for “or 6156(b)” and inserted requirement that for purposes of subparagraph (A), section 6158(a) of this title shall be treated as providing that the date prescribed for payment of each installment shall not be later than the date prescribed for payment of the 1985 installment.

Subsec. (b)(4). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

Subsec. (c). Pub. L. 94-455, §§1307(d)(2)(H), 1605(b)(10), substituted in heading “chapter 41, 42” for “chapter 42” and “43, or 44” for “or 43”.

Subsec. (d)(4). Pub. L. 94-455, §2107(g)(2)(C), inserted “, an investment credit carryback,” after “net operating loss carryback”.

Subsec. (h). Pub. L. 94-455, §1906(a)(34), struck out “(or section 59 of the Internal Revenue Code of 1939)”.

Subsecs. (j), (k). Pub. L. 94-455, §2004(b), added subsec. (j) and redesignated former subsec. (j) as (k).

1975—Subsec. (a). Pub. L. 93-625, §7(a)(2)(A), substituted “an annual rate established under section 6621” for “the rate of 6 percent per annum”.

Subsecs. (b) to (l). Pub. L. 93-625, §7(b)(1), struck out subsec. (b) relating to extensions of time for payment of estate tax, redesignated subsecs. (c) to (i) as (b) to (h), respectively, struck out subsec. (j) relating to extensions of time for payment of tax attributable to recoveries of foreign expropriation losses, and redesignated subsecs. (k) and (l) as (i) and (j), respectively.

1974—Subsec. (d). Pub. L. 93-406 inserted reference to chapter 43 in heading, and substituted “certain excise” for “chapter 42” in text.

1971—Subsec. (e)(4). Pub. L. 92-178 added par. (4).

1969—Subsec. (d). Pub. L. 91-172, §101(j)(49), inserted reference to chapter 42 both in subsec. heading and in text.

Subsec. (e)(1). Pub. L. 91-172, §512(e)(3)(A), (B), substituted “loss or capital loss carryback” for “loss carryback” in heading, and “net operating loss or net capital loss” for “net operating loss” wherever it appears in text.

Subsec. (e)(2). Pub. L. 91-172, §512(e)(3)(C), substituted “loss carryback or a capital loss carryback” for “loss carryback”.

Subsecs. (k), (l). Pub. L. 91-53 added subsec. (k) and redesignated former subsec. (k) as (l).

1967—Subsec. (e)(2). Pub. L. 90-225 inserted “, or with respect to any portion of an investment credit carryback from a taxable year attributable to a net operating loss carryback from a subsequent taxable year, such increase shall not affect the computation of interest under this section for the period ending with the last day of such subsequent taxable year,” after “the investment credit carryback arises”.

1966—Subsecs. (j), (k). Pub. L. 89-384 added subsec. (j) and redesignated former subsec. (j) as (k).

1964—Subsec. (e). Pub. L. 88-571 added par. (3) and inserted “or adjustment for certain unused deductions” in heading.

1962—Subsec. (e). Pub. L. 87-834 designated existing provisions as par. (1) and added par. (2).

1961—Subsec. (c)(2). Pub. L. 87-61 substituted “6152(a) or 6156(a)” for “6152(a)” in introductory provisions, and “6152(b) or 6156(b), as the case may be” for “6152(b)” in subpar. (A).

1958—Subsec. (b). Pub. L. 85-866, §§66(c), 206(e), inserted reference to section 6166, and substituted “if the time for payment of an amount of such tax is postponed or extended as provided by section 6163” for “if postponement of the payment of an amount of such tax is permitted by section 6163(a)”.

Subsecs. (g) to (j). Pub. L. 85-866, §§83(a)(1), 84(a), added subsecs. (g) and (h) and redesignated former subsecs. (g) and (h) as (h) and (i), respectively.

EFFECTIVE DATE OF 2005 AMENDMENT

Amendment by Pub. L. 109-135 effective as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 409(d) of Pub. L. 109-135, set out as a note under section 961 of this title.

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-206, title III, §3301(c), July 22, 1998, 112 Stat. 741, as amended by Pub. L. 105-277, div. J, title IV, §4002(d), Oct. 21, 1998, 112 Stat. 2681-906, provided that:

“(1) IN GENERAL.—Except as provided under paragraph (2), the amendments made by this section [amending this section and section 6621 of this title] shall apply to interest for periods beginning after the date of the enactment of this Act [July 22, 1998].

“(2) SPECIAL RULE.—Subject to any applicable statute of limitation not having expired with regard to either a tax underpayment or a tax overpayment, the amendments made by this section shall apply to interest for periods beginning before the date of the enactment of this Act if the taxpayer—

“(A) reasonably identifies and establishes periods of such tax overpayments and underpayments for which the zero rate applies; and

“(B) not later than December 31, 1999, requests the Secretary of the Treasury to apply section 6621(d) of the Internal Revenue Code of 1986, as added by subsection (a), to such periods.”

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by section 501(e) of Pub. L. 105-34 applicable to estates of decedents dying, and gifts made, after Dec. 31, 1997, see section 501(f) of Pub. L. 105-34, set out as a note under section 2001 of this title.

Amendment by section 503(a), (c)(2), (3) of Pub. L. 105-34 applicable to estates of decedents dying after Dec. 31, 1997, with special rule in case of estate of any decedent dying before Jan. 1, 1998, with respect to which there is an election under section 6166 of this title, see section 503(d) of Pub. L. 105-34, set out as a note under section 163 of this title.

Section 1055(c) of Pub. L. 105-34 provided that: “The amendments made by this section [amending this section and section 6611 of this title] shall apply to foreign tax credit carrybacks arising in taxable years beginning after the date of the enactment of this Act [Aug. 5, 1997].”

Section 1242(b) of Pub. L. 105-34 provided that: “The amendment made by this section [amending this section] shall apply to adjustments with respect to partnership taxable years beginning after the date of the enactment of this Act [Aug. 5, 1997].”

EFFECTIVE DATE OF 1996 AMENDMENT

Section 303(c) of Pub. L. 104-168 provided that: “The amendments made by this section [amending this section and section 6651 of this title] shall apply in the case of any notice and demand given after December 31, 1996.”

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7721(d) of Pub. L. 101-239, set out as a note under section 461 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 1015(b)(2)(C) of Pub. L. 100-647 applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1988, see section 1015(b)(4) of Pub. L. 100-647, set out as a note under section 6013 of this title.

Amendment by section 1018(u)(42) of Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

Amendment by section 6234(b)(1) of Pub. L. 100-647 applicable to agreements entered into after Nov. 10, 1988, see section 6234(c) of Pub. L. 100-647, set out as an Effective Date note under section 6159 of this title.

Amendment by section 7106(c)(5) of Pub. L. 100-647 applicable to remuneration paid after Dec. 31, 1988, see section 7106(d) of Pub. L. 100-647, set out as a note under section 3321 of this title.

EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-203 applicable to taxable years beginning after Dec. 31, 1987, see section 10301(c) of Pub. L. 100-203, set out as a note under section 585 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 1404(c)(3) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 1404(d) of Pub. L. 99-514, set out as a note under section 643 of this title.

Amendment by section 1511(c)(11) of Pub. L. 99-514 applicable for purposes of determining interest for periods after Dec. 31, 1986, see section 1511(d) of Pub. L. 99-514, set out as a note under section 47 of this title.

Section 1512(b) of Pub. L. 99-514 provided that: “The amendments made by this section [amending this section] shall apply to returns the due date for which (determined without regard to extensions) is after December 31, 1985.”

Section 1564(b) of Pub. L. 99-514 provided that:

“(1) EFFECTIVE DATE.—The amendment made by subsection (a) [amending this section] shall apply to interest accruing after December 31, 1982.

“(2) STATUTE OF LIMITATIONS.—If refund or credit of any amount resulting from the application of the amendment made by subsection (a) is prevented at any time before the close of the date which is 1 year after the date of the enactment of this Act [Oct. 22, 1986] by the operation of any law or rule of law (including res judicata), refund or credit of such amount (to the extent attributable to the application of the amendment made by subsection (a)) may, nevertheless, be made or allowed if claim therefore [sic] is filed before the close of such 1-year period.”

EFFECTIVE DATE OF 1984 AMENDMENT

Section 158(b) of Pub. L. 98-369 provided that: “The amendment made by this section [amending this section] shall apply to interest accrued after the date of the enactment of this Act [July 18, 1984], except with respect to additions to tax for which notice and demand is made before such date.”

Amendment by section 211(b)(26) of Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as an Effective Date note under section 801 of this title.

Amendment by section 412(b)(7) of Pub. L. 98-369 applicable with respect to taxable years beginning after Dec. 31, 1984, see section 414(a)(1) of Pub. L. 98-369, set out as a note under section 6654 of this title.

Amendment by section 714(n)(1) of Pub. L. 98-369 effective as if included in the provision of the Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. 97-248, to which such amendment relates, see section 715 of Pub. L. 98-369, set out as a note under section 31 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 98-76 applicable to remuneration paid after June 30, 1986, see section 231(d) of Pub. L. 98-76, set out as an Effective Date note under section 3321 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by section 344(b)(1) of Pub. L. 97-248 applicable to interest accruing after Dec. 31, 1982, see section 344(c) of Pub. L. 97-248, set out as an Effective Date note under section 6622 of this title.

Amendment by section 346(c)(2) of Pub. L. 97-248 applicable to interest accruing after the 30th day after Sept. 3, 1982, see section 346(d)(2) of Pub. L. 97-248, set out as a note under section 6611 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-223 applicable to periods after Feb. 29, 1980, see section 101(i) of Pub. L. 96-223, set out as a note under section 6161 of this title.

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-628 applicable to carrybacks arising in taxable years beginning after Nov. 10, 1978, see section 8(d) of Pub. L. 95-628, set out as a note under section 6511 of this title.

EFFECTIVE DATE OF 1977 AMENDMENT

Amendment by Pub. L. 95-30 applicable to taxable years beginning after Dec. 31, 1976, and to credit carry-

backs from such years, see section 202(e) of Pub. L. 95-30, set out as an Effective Date note under section 51 of this title.

EFFECTIVE DATE OF 1976 AMENDMENTS

Amendment by section 2004(b) of Pub. L. 94-455 applicable to estates of decedents dying after Dec. 31, 1976, see section 2004(g) of Pub. L. 94-455, set out as a note under section 6166 of this title.

Amendment by Pub. L. 94-452 effective Oct. 1, 1977, see section 3(e) of Pub. L. 94-452, set out as a note under section 6151 of this title.

EFFECTIVE DATE OF 1975 AMENDMENT

Amendment by Pub. L. 93-625 effective July 1, 1975, and applicable to amounts outstanding on such date or arising thereafter, see section 7(e) of Pub. L. 93-625, set out as an Effective Date note under section 6621 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-406 applicable, except as otherwise provided in section 1017(c) through (i) of Pub. L. 93-406, for plan years beginning after Sept. 2, 1974, but, in the case of plans in existence on Jan. 1, 1974, amendment by Pub. L. 93-406 applicable for plan years beginning after Dec. 31, 1975, see section 1017 of Pub. L. 93-406, set out as an Effective Date; Transitional Rules note under section 410 of this title.

EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 92-178 applicable to taxable years beginning after Dec. 31, 1971, see section 601(f) of Pub. L. 92-178, set out as a note under section 381 of this title.

EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by section 101(j)(49) of Pub. L. 91-172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91-172, set out as an Effective Date note under section 4940 of this title.

Amendment by section 512(e)(3) of Pub. L. 91-172 applicable with respect to net capital losses sustained in taxable years beginning after Dec. 31, 1969, see section 512(g) of Pub. L. 91-172, set out as an Effective Date of 1969 Amendment note under section 1212 of this title. Amendment by Pub. L. 91-53 applicable with respect to calendar years beginning after Dec. 31, 1969, see section 4(a) of Pub. L. 91-53, set out as an Effective Date note under section 6157 of this title.

EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90-225 applicable with respect to investment credit carrybacks attributable to net operating loss carrybacks from taxable years ending after July 31, 1967, see section 2(g) of Pub. L. 90-225, set out as a note under section 46 of this title.

EFFECTIVE DATE OF 1966 AMENDMENT

Amendment by Pub. L. 89-384 applicable with respect to amounts received after December 31, 1964, in respect of foreign expropriation losses (as defined in section 1351(b) of this title) sustained after December 31, 1958, see section 2 of Pub. L. 89-384, set out as an Effective Date note under section 1351 of this title.

EFFECTIVE DATE OF 1964 AMENDMENT

Amendment by Pub. L. 88-571 effective, with respect to amounts added to policyholders surplus accounts, for taxable years beginning after Dec. 31, 1958, see section 3(f) of Pub. L. 88-571, set out as a note under section 815 of this title.

EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-834 applicable with respect to taxable years ending after Dec. 31, 1961, see section 2(h) of Pub. L. 87-834, set out as an Effective Date note under section 46 of this title.

EFFECTIVE DATE OF 1961 AMENDMENT

Amendment by Pub. L. 87-61 effective July 1, 1961, see section 208 of Pub. L. 87-61, set out as a note under section 4041 of this title.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by sections 66(c) and 84(a) of Pub. L. 85-866 effective Aug. 17, 1954, see section 1(c)(2) of Pub. L. 85-866, set out as a note under section 165 of this title.

Section 83(d) of Pub. L. 85-866 provided that: "The amendments made by subsections (a) [amending this section and section 3794 of I.R.C. 1939], (b) [amending section 6611 of this title and section 3771 of I.R.C. 1939], and (c) [amending section 6611 of this title] shall apply only in respect of overpayments credited after December 31, 1957."

For effective date of amendment by section 206(e) of Pub. L. 85-866, see section 206(f) of Pub. L. 85-866, set out as a note under section 6161 of this title.

SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 101-508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

ADMINISTRATION OF PENALTIES AND INTEREST

Pub. L. 105-206, title III, §3801, July 22, 1998, 112 Stat. 782, provided that: "The Joint Committee on Taxation and the Secretary of the Treasury shall each conduct a separate study—

"(1) reviewing the administration and implementation by the Internal Revenue Service of the interest and penalty provisions of the Internal Revenue Code of 1986 (including the penalty reform provisions of the Omnibus Budget Reconciliation Act of 1989 [Pub. L. 101-239, see Tables for classification]); and

"(2) making any legislative and administrative recommendations the Committee or the Secretary deems appropriate to simplify penalty or interest administration and reduce taxpayer burden. Such studies shall be submitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than 1 year after the date of the enactment of this Act [July 22, 1998]."

INTEREST NOT PAYABLE ON UNDERPAYMENTS CREATED OR INCREASED BY TAX REFORM ACT OF 1976

Section 305 of Pub. L. 95-30, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "No interest shall be payable for any period before April 16, 1977 (March 16, 1977, in the case of a corporation), on any underpayment of a tax imposed by the Internal Revenue Code of 1986 [formerly I.R.C. 1954], to the extent that such underpayment was created or increased by any provision of the Tax Reform Act of 1976 [Pub. L. 94-455]."

INTEREST ON UNDERPAYMENT

Section 946(a) of Pub. L. 91-172 provided that in the case of any taxable year ending before Dec. 30, 1969, no interest on underpayment of taxes, to the extent that such underpayment was attributable to the amendments made by Pub. L. 91-172, was not to be assessed or collected for any period before the 90th day after Dec. 30, 1969.

INTEREST ATTRIBUTABLE TO NET OPERATING LOSS CARRYBACK FOR CERTAIN TAXABLE YEARS ENDING IN 1954

Section 83(e) of Pub. L. 85-866 provided that if by reason of the enactment of section 172(b)(1)(A) of this title,

a deficiency resulted for the first taxable year preceding a taxable year ending after Dec. 31, 1953 but before Aug. 17, 1954 and an overpayment resulted in the second preceding taxable year, then no interest was payable for any portion of such deficiency for any period during which there existed a corresponding overpayment to which interest was not payable.

§ 6602. Interest on erroneous refund recoverable by suit

Any portion of an internal revenue tax (or any interest, assessable penalty, additional amount, or addition to tax) which has been erroneously refunded, and which is recoverable by suit pursuant to section 7405, shall bear interest at the underpayment rate established under section 6621 from the date of the payment of the refund.

(Aug. 16, 1954, ch. 736, 68A Stat. 818; Pub. L. 93-625, § 7(a)(2)(B), Jan. 3, 1975, 88 Stat. 2115; Pub. L. 99-514, title XV, § 1511(c)(12), Oct. 22, 1986, 100 Stat. 2745.)

AMENDMENTS

1986—Pub. L. 99-514 substituted “the underpayment rate established under section 6621” for “an annual rate established under section 6621”.

1975—Pub. L. 93-625 substituted “an annual rate established under section 6621” for “the rate of 6 percent per annum”.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable for purposes of determining interest for periods after Dec. 31, 1986, see section 1511(d) of Pub. L. 99-514, set out as a note under section 47 of this title.

EFFECTIVE DATE OF 1975 AMENDMENT

Amendment by Pub. L. 93-625 effective July 1, 1975, and applicable to amounts outstanding on such date or arising thereafter, see section 7(e) of Pub. L. 93-625, set out as an Effective Date note under section 6621 of this title.

§ 6603. Deposits made to suspend running of interest on potential underpayments, etc.

(a) Authority to make deposits other than as payment of tax

A taxpayer may make a cash deposit with the Secretary which may be used by the Secretary to pay any tax imposed under subtitle A or B or chapter 41, 42, 43, or 44 which has not been assessed at the time of the deposit. Such a deposit shall be made in such manner as the Secretary shall prescribe.

(b) No interest imposed

To the extent that such deposit is used by the Secretary to pay tax, for purposes of section 6601 (relating to interest on underpayments), the tax shall be treated as paid when the deposit is made.

(c) Return of deposit

Except in a case where the Secretary determines that collection of tax is in jeopardy, the Secretary shall return to the taxpayer any amount of the deposit (to the extent not used for a payment of tax) which the taxpayer requests in writing.

(d) Payment of interest

(1) In general

For purposes of section 6611 (relating to interest on overpayments), except as provided in

paragraph (4), a deposit which is returned to a taxpayer shall be treated as a payment of tax for any period to the extent (and only to the extent) attributable to a disputable tax for such period. Under regulations prescribed by the Secretary, rules similar to the rules of section 6611(b)(2) shall apply.

(2) Disputable tax

(A) In general

For purposes of this section, the term “disputable tax” means the amount of tax specified at the time of the deposit as the taxpayer’s reasonable estimate of the maximum amount of any tax attributable to disputable items.

(B) Safe harbor based on 30-day letter

In the case of a taxpayer who has been issued a 30-day letter, the maximum amount of tax under subparagraph (A) shall not be less than the amount of the proposed deficiency specified in such letter.

(3) Other definitions

For purposes of paragraph (2)—

(A) Disputable item

The term “disputable item” means any item of income, gain, loss, deduction, or credit if the taxpayer—

- (i) has a reasonable basis for its treatment of such item, and
- (ii) reasonably believes that the Secretary also has a reasonable basis for disallowing the taxpayer’s treatment of such item.

(B) 30-day letter

The term “30-day letter” means the first letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals.

(4) Rate of interest

The rate of interest under this subsection shall be the Federal short-term rate determined under section 6621(b), compounded daily.

(e) Use of deposits

(1) Payment of tax

Except as otherwise provided by the taxpayer, deposits shall be treated as used for the payment of tax in the order deposited.

(2) Returns of deposits

Deposits shall be treated as returned to the taxpayer on a last-in, first-out basis.

(Added Pub. L. 108-357, title VIII, § 842(a), Oct. 22, 2004, 118 Stat. 1598.)

EFFECTIVE DATE

Pub. L. 108-357, title VIII, § 842(c), Oct. 22, 2004, 118 Stat. 1599, provided that:

“(1) IN GENERAL.—The amendments made by this section [enacting this section] shall apply to deposits made after the date of the enactment of this Act [Oct. 22, 2004].

“(2) COORDINATION WITH DEPOSITS MADE UNDER REVENUE PROCEDURE 84-58.—In the case of an amount held by the Secretary of the Treasury or his delegate on the date of the enactment of this Act as a deposit in the

nature of a cash bond deposit pursuant to Revenue Procedure 84-58, the date that the taxpayer identifies such amount as a deposit made pursuant to section 6603 of the Internal Revenue Code (as added by this Act) shall be treated as the date such amount is deposited for purposes of such section 6603.”

Subchapter B—Interest on Overpayments

Sec.
6611. Interest on overpayments.
6612. Cross references.

§ 6611. Interest on overpayments

(a) Rate

Interest shall be allowed and paid upon any overpayment in respect of any internal revenue tax at the overpayment rate established under section 6621.

(b) Period

Such interest shall be allowed and paid as follows:

(1) Credits

In the case of a credit, from the date of the overpayment to the due date of the amount against which the credit is taken.

(2) Refunds

In the case of a refund, from the date of the overpayment to a date (to be determined by the Secretary) preceding the date of the refund check by not more than 30 days, whether or not such refund check is accepted by the taxpayer after tender of such check to the taxpayer. The acceptance of such check shall be without prejudice to any right of the taxpayer to claim any additional overpayment and interest thereon.

(3) Late returns

Notwithstanding paragraph (1) or (2) in the case of a return of tax which is filed after the last date prescribed for filing such return (determined with regard to extensions), no interest shall be allowed or paid for any day before the date on which the return is filed.

(c) Repealed. Pub. L. 85-866, title I, § 83(c), Sept. 2, 1958, 72 Stat. 1664]

(d) Advance payment of tax, payment of estimated tax, and credit for income tax withholding

The provisions of section 6513 (except the provisions of subsection (c) thereof, applicable in determining the date of payment of tax for purposes of determining the period of limitation on credit or refund, shall be applicable in determining the date of payment for purposes of subsection (a).

(e) Disallowance of interest on certain overpayments

(1) Refunds within 45 days after return is filed

If any overpayment of tax imposed by this title is refunded within 45 days after the last day prescribed for filing the return of such tax (determined without regard to any extension of time for filing the return) or, in the case of a return filed after such last date, is refunded within 45 days after the date the return is filed, no interest shall be allowed under subsection (a) on such overpayment.

(2) Refunds after claim for credit or refund

If—

(A) the taxpayer files a claim for a credit or refund for any overpayment of tax imposed by this title, and

(B) such overpayment is refunded within 45 days after such claim is filed,

no interest shall be allowed on such overpayment from the date the claim is filed until the day the refund is made.

(3) IRS initiated adjustments

If an adjustment initiated by the Secretary, results in a refund or credit of an overpayment, interest on such overpayment shall be computed by subtracting 45 days from the number of days interest would otherwise be allowed with respect to such overpayment.

(f) Refund of income tax caused by carryback or adjustment for certain unused deductions

(1) Net operating loss or capital loss carryback

For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a carryback of a net operating loss or net capital loss, such overpayment shall be deemed not to have been made prior to the filing date for the taxable year in which such net operating loss or net capital loss arises.

(2) Foreign tax credit carrybacks

For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a carryback of tax paid or accrued to foreign countries or possessions of the United States, such overpayment shall be deemed not to have been made before the filing date for the taxable year in which such taxes were in fact paid or accrued, or, with respect to any portion of such credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such overpayment shall be deemed not to have been made before the filing date for such subsequent taxable year.

(3) Certain credit carrybacks

(A) In general

For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a credit carryback, such overpayment shall be deemed not to have been made before the filing date for the taxable year in which such credit carryback arises, or, with respect to any portion of a credit carryback from a taxable year attributable to a net operating loss carryback, capital loss carryback, or other credit carryback from a subsequent taxable year, such overpayment shall be deemed not to have been made before the filing date for such subsequent taxable year.

(B) Credit carryback defined

For purposes of this paragraph, the term “credit carryback” has the meaning given such term by section 6511(d)(4)(C).

(4) Special rules for paragraphs (1), (2), and (3)

(A) Filing date

For purposes of this subsection, the term “filing date” means the last date prescribed

for filing the return of tax imposed by subtitle A for the taxable year (determined without regard to extensions).

(B) Coordination with subsection (e)

(i) In general

For purposes of subsection (e)—

(I) any overpayment described in paragraph (1), (2), or (3) shall be treated as an overpayment for the loss year,

(II) such subsection shall be applied with respect to such overpayment by treating the return for the loss year as not filed before claim for such overpayment is filed.

(ii) Loss year

For purposes of this subparagraph, the term “loss year” means—

(I) in the case of a carryback of a net operating loss or net capital loss, the taxable year in which such loss arises,

(II) in the case of a carryback of taxes paid or accrued to foreign countries or possessions of the United States, the taxable year in which such taxes were in fact paid or accrued (or, with respect to any portion of such carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such subsequent taxable year), and

(III) in the case of a credit carryback (as defined in paragraph (3)(B)), the taxable year in which such credit carryback arises (or, with respect to any portion of a credit carryback from a taxable year attributable to a net operating loss carryback, a capital loss carryback, or other credit carryback from a subsequent taxable year, such subsequent taxable year).

(C) Application of subparagraph (B) where section 6411(a) claim filed

For purposes of subparagraph (B)(i)(II), if a taxpayer—

(i) files a claim for refund of any overpayment described in paragraph (1), (2), or (3) with respect to the taxable year to which a loss or credit is carried back, and

(ii) subsequently files an application under section 6411(a) with respect to such overpayment,

then the claim for overpayment shall be treated as having been filed on the date the application under section 6411(a) was filed.

(g) No interest until return in processible form

(1) For purposes of subsections (b)(3) and (e), a return shall not be treated as filed until it is filed in processible form.

(2) For purposes of paragraph (1), a return is in a processible form if—

(A) such return is filed on a permitted form, and

(B) such return contains—

(i) the taxpayer's name, address, and identifying number and the required signature, and

(ii) sufficient required information (whether on the return or on required at-

tachments) to permit the mathematical verification of tax liability shown on the return.

(h) Prohibition of administrative review

For prohibition of administrative review, see section 6406.

(Aug. 16, 1954, ch. 736, 68A Stat. 819; Pub. L. 85-866, title I, §§42(b), 83(b), (c), Sept. 2, 1958, 72 Stat. 1640, 1664; Pub. L. 87-834, §2(e)(4), Oct. 16, 1962, 76 Stat. 972; Pub. L. 88-571, §3(e), Sept. 2, 1964, 78 Stat. 858; Pub. L. 89-721, §1(a), Nov. 2, 1966, 80 Stat. 1150; Pub. L. 90-225, §2(f), Dec. 27, 1967, 81 Stat. 732; Pub. L. 91-172, title V, §512(e)(4), Dec. 30, 1969, 83 Stat. 641; Pub. L. 92-178, title VI, §601(d)(4), Dec. 10, 1971, 85 Stat. 559; Pub. L. 93-17, §3(i)(2), Apr. 10, 1973, 87 Stat. 19; Pub. L. 93-625, §7(a)(2)(C), Jan. 3, 1975, 88 Stat. 2115; Pub. L. 94-455, title XIX, §1904(b)(10)(A)(iv), 1906(b)(13)(A), title XXI, §2107(g)(2)(D), Oct. 4, 1976, 90 Stat. 1817, 1834, 1904; Pub. L. 95-30, title II, §202(d)(4)(D), May 23, 1977, 91 Stat. 150; Pub. L. 95-628, §8(c)(3), Nov. 10, 1978, 92 Stat. 3632; Pub. L. 96-223, title I, §101(h), Apr. 2, 1980, 94 Stat. 254; Pub. L. 97-248, title III, §346(a)-(c)(1), Sept. 3, 1982, 96 Stat. 636, 637; Pub. L. 98-369, div. A, title II, §211(b)(27), title VII, §714(n)(2)(A), July 18, 1984, 98 Stat. 757, 963; Pub. L. 99-514, title XV, §1511(c)(13), Oct. 22, 1986, 100 Stat. 2745; Pub. L. 100-418, title I, §1941(b)(2)(L), Aug. 23, 1988, 102 Stat. 1323; Pub. L. 103-66, title XIII, §13271(a), Aug. 10, 1993, 107 Stat. 541; Pub. L. 105-34, title X, §1055(b), Aug. 5, 1997, 111 Stat. 944; Pub. L. 105-206, title VI, §6010(l), July 22, 1998, 112 Stat. 816; Pub. L. 106-554, §1(a)(7) [title III, §319(20)], Dec. 21, 2000, 114 Stat. 2763, 2763A-647.)

AMENDMENTS

2000—Subsec. (g)(1). Pub. L. 106-554 struck out comma after “(b)(3)”.

1998—Subsec. (g)(1). Pub. L. 105-206 substituted “and (e)” for “(e), and (h)”.

1997—Subsec. (f)(2), (3). Pub. L. 105-34, §1055(b)(1), added par. (2) and redesignated former par. (2) as (3). Former par. (3) redesignated (4).

Subsec. (f)(4). Pub. L. 105-34, §1055(b)(1), (2)(A)(i), redesignated par. (3) as (4) and substituted “paragraphs (1), (2), and (3)” for “paragraphs (1) and (2)” in heading.

Subsec. (f)(4)(B)(i)(I). Pub. L. 105-34, §1055(b)(2)(A), substituted “paragraph (1), (2), or (3)” for “paragraph (1) or (2)”.

Subsec. (f)(4)(B)(ii)(II). Pub. L. 105-34, §1055(b)(2)(B), added subcl. (II). Former subcl. (II) redesignated (III).

Subsec. (f)(4)(B)(ii)(III). Pub. L. 105-34, §1055(b)(2)(B), (C), redesignated subcl. (II) as (III) and inserted “(as defined in paragraph (3)(B))” after “case of a credit carryback”.

Subsec. (f)(4)(C)(i). Pub. L. 105-34, §1055(b)(2)(A), substituted “paragraph (1), (2), or (3)” for “paragraph (1) or (2)”.

Subsecs. (g) to (i). Pub. L. 105-34, §1055(b)(2)(D), redesignated subsecs. (h) and (i) as (g) and (h), respectively, and struck out former subsec. (g) which read as follows:

“(g) REFUND OF INCOME TAX CAUSED BY CARRYBACK OF FOREIGN TAXES.—For purposes of subsection (a), if any overpayment of tax results from a carryback of tax paid or accrued to foreign countries or possessions of the United States, such overpayment shall be deemed not to have been paid or accrued prior to the filing date (as defined in subsection (f)(3)) for the taxable year under this subtitle in which such taxes were in fact paid or accrued.”

1993—Subsec. (e). Pub. L. 103-66 amended heading and text of subsec. (e) generally. Prior to amendment, text

read as follows: “If any overpayment of tax imposed by subtitle A is refunded within 45 days after the last date prescribed for filing the return of such tax (determined without regard to any extension of time for filing the return) or, in case the return is filed after such last date, is refunded within 45 days after the date the return is filed, no interest shall be allowed under subsection (a) on such overpayment.”

1988—Subsecs. (h) to (j). Pub. L. 100-418 redesignated subsecs. (i) and (j) as (h) and (i), respectively, and struck out former subsec. (h) which related to special rule for windfall profit tax.

1986—Subsec. (a). Pub. L. 99-514 substituted “the overpayment rate established under section 6621” for “an annual rate established under section 6621”.

1984—Subsec. (f)(3)(C). Pub. L. 98-369, § 714(n)(2)(A), added subpar. (C).

Subsec. (f)(4). Pub. L. 98-369, § 211(b)(27), struck out par. (4) which provided that for purposes of subsection (a), if any overpayment of tax imposed by subtitle A arose by operation of section 815(d)(5) (relating to reduction of policyholders surplus account of life insurance companies for certain unused deductions), such overpayment would be deemed not to have been made prior to the close of the last taxable year to which the loss described in section 815(d)(5)(A) was carried under section 812(b)(2).

1982—Subsec. (b)(3). Pub. L. 97-248, § 346(a), added par. (3).

Subsec. (f)(1). Pub. L. 97-248, § 346(c)(1)(A), substituted “the filing date for the taxable year” for “the close of the taxable year”.

Subsec. (f)(2)(A). Pub. L. 97-248, § 346(c)(1)(B), substituted “the filing date for” for “the close of” wherever appearing.

Subsec. (f)(3), (4). Pub. L. 97-248, § 346(c)(1)(C), added par. (3) and redesignated former par. (3) as (4).

Subsec. (g). Pub. L. 97-248, § 346(c)(1)(D), substituted “the filing date (as defined in subsection (f)(3)) for the taxable year” for “the close of the taxable year”.

Subsecs. (i), (j). Pub. L. 97-248, § 346(b), added subsec. (i) and redesignated former subsec. (i) as (j).

1980—Subsecs. (h), (i). Pub. L. 96-223 added subsec. (h) and redesignated former subsec. (h) as (i).

1978—Subsec. (f)(2). Pub. L. 95-628, § 8(c)(3)(A), substituted in heading “Certain credit carrybacks” for “Investment credit carryback”, designated existing provision as subpar. (A), and in subpar. (A) as so designated inserted heading “In general” and extended the application of provision to credit carrybacks, previously limited to investment credit carrybacks, included other credit carrybacks, and added subpar. (B).

Subsec. (f)(4), (5). Pub. L. 95-628, § 8(c)(3)(B), struck out pars. (4) and (5) which provided for work incentive program credit carrybacks and new employee credit carrybacks, respectively.

1977—Subsec. (f)(5). Pub. L. 95-30 added par. (5).

1976—Subsec. (b). Pub. L. 94-455, § 1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

Subsec. (f)(4). Pub. L. 94-455, § 2107(g)(2)(D), inserted “, an investment credit carryback,” after “net operating loss carryback”.

Subsecs. (h), (i). Pub. L. 94-455, § 1904(b)(10)(A)(iv), redesignated subsec. (i) as (h). Former subsec. (h), which related to a refund within 45 days after filing claim for refund of interest equalization tax paid on securities sold to foreigners, was struck out.

1975—Subsec. (a). Pub. L. 93-625 substituted “an annual rate established under section 6621” for “the rate of 6 percent per annum”.

1973—Subsecs. (h), (i). Pub. L. 93-17 added subsec. (h) and redesignated former subsec. (h) as (i).

1971—Subsec. (f)(4). Pub. L. 92-178 added par. (4).

1969—Subsec. (f)(1). Pub. L. 91-172, § 512(e)(4)(A), (B), substituted “loss or capital loss carryback” for “loss carryback” in heading, and “net operating loss or net capital loss” for “net operating loss” wherever appearing in text.

Subsec. (f)(2). Pub. L. 91-172, § 512(e)(4)(C), substituted “loss carryback or a capital loss carryback” for “loss carryback”.

1967—Subsec. (f)(2). Pub. L. 90-225 inserted “, or, with respect to any portion of an investment credit carryback from a taxable year attributable to a net operating loss carryback from a subsequent taxable year, such overpayment shall be deemed not to have been made prior to the close of such subsequent taxable year” after “such investment credit carryback arises”.

1966—Subsec. (e). Pub. L. 89-721 inserted “or, in case the return is filed after such last date, is refunded within 45 days after the date the return is filed” after “(determined without regard to any extension of time for filing the return)” and changed heading to reflect amendment.

1964—Subsec. (f). Pub. L. 88-571 added par. (3) and inserted “or adjustment for certain unused deductions” in heading.

1962—Subsec. (f). Pub. L. 87-834 designated existing provisions as par. (1) and added par. (2).

1958—Subsec. (b)(1). Pub. L. 85-866, § 83(b), struck out “, but if the amount against which the credit is taken is an additional assessment, then to the date of the assessment of that amount” after “taken”.

Subsec. (c). Pub. L. 85-866, § 83(c), repealed subsec. (c) which defined “additional assessment”.

Subsecs. (g), (h). Pub. L. 85-866, § 42(b), added subsec. (g) and redesignated former subsec. (g) as (h).

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 applicable to foreign tax credit carrybacks arising in taxable years beginning after Aug. 5, 1997, see section 1055(c) of Pub. L. 105-34, set out as a note under section 6601 of this title.

EFFECTIVE DATE OF 1993 AMENDMENT

Section 13271(b) of Pub. L. 103-66 provided that:

“(1) Paragraph (1) of section 6611(e) of the Internal Revenue Code of 1986 (as amended by subsection (a)) shall apply in the case of returns the due date for which (determined without regard to extensions) is on or after January 1, 1994.

“(2) Paragraph (2) of section 6611(e) of such Code (as so amended) shall apply in the case of claims for credit or refund of any overpayment filed on or after January 1, 1995, regardless of the taxable period to which such refund relates.

“(3) Paragraph (3) of section 6611(e) of such Code (as so amended) shall apply in the case of any refund paid on or after January 1, 1995, regardless of the taxable period to which such refund relates.”

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-418 applicable to crude oil removed from the premises on or after Aug. 23, 1988, see section 1941(c) of Pub. L. 100-418, set out as a note under section 164 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable for purposes of determining interest for periods after Dec. 31, 1986, see section 1511(d) of Pub. L. 99-514, set out as a note under section 47 of this title.

EFFECTIVE DATE OF 1984 AMENDMENTS

Amendment by section 211(b)(27) of Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as an Effective Date note under section 801 of this title.

Amendment by section 714(n)(2)(A) of Pub. L. 98-369 effective as if included in the provision of the Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. 97-248, to which such amendment relates, see section

715 of Pub. L. 98-369, set out as a note under section 31 of this title.

Section 1875(d)(3) of Pub. L. 99-514 provided that: “Notwithstanding section 715 of the Tax Reform Act of 1984 [Pub. L. 98-369], the amendments made by section 714(n)(2) of such Act [amending this section and section 6411 of this title] shall apply only to applications filed after July 18, 1984.”

EFFECTIVE DATE OF 1982 AMENDMENT

Section 346(d) of Pub. L. 97-248 provided that:

“(1) IN GENERAL.—The amendments made by subsections (a) and (b) [amending this section] shall apply to returns filed after the 30th day after the date of the enactment of this Act [Sept. 3, 1982].

“(2) SUBSECTION (c).—The amendments made by subsection (c) [amending this section and section 6601 of this title] shall apply to interest accruing after the 30th day after the date of the enactment of this Act [Sept. 3, 1982].”

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-223 applicable to periods after Feb. 29, 1980, see section 101(i) of Pub. L. 96-223, set out as a note under section 6161 of this title.

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-628 applicable to carrybacks arising in taxable years beginning after Nov. 10, 1978, see section 8(d) of Pub. L. 95-628, set out as a note under section 6511 of this title.

EFFECTIVE DATE OF 1977 AMENDMENT

Amendment by Pub. L. 95-30 applicable to taxable years beginning after Dec. 31, 1976, and to credit carrybacks from such years, see section 202(e) of Pub. L. 95-30, set out as an Effective Date note under section 51 of this title.

EFFECTIVE DATE OF 1975 AMENDMENT

Amendment by Pub. L. 93-625 effective July 1, 1975, and applicable to amounts outstanding on such date or arising thereafter, see section 7(e) of Pub. L. 93-625, set out as an Effective Date note under section 6621 of this title.

EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 92-178 applicable to taxable years beginning after Dec. 31, 1971, see section 601(f) of Pub. L. 92-178, set out as a note under section 381 of this title.

EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 applicable with respect to net capital losses sustained in taxable years beginning after Dec. 31, 1969, see section 512(g) of Pub. L. 91-172, set out as a note under section 1212 of this title.

EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90-225 applicable with respect to investment credit carrybacks attributable to net operating loss carrybacks from taxable years ending after July 31, 1967, see section 2(g) of Pub. L. 90-225, set out as a note under section 46 of this title.

EFFECTIVE DATE OF 1966 AMENDMENT

Section 1(b) of Pub. L. 89-721 provided that: “The amendment made by subsection (a) [amending this section] shall apply with respect to refunds made more than 45 days after the date of the enactment of this Act [Nov. 2, 1966].”

EFFECTIVE DATE OF 1964 AMENDMENT

Amendment by Pub. L. 88-571 effective, with respect to amounts added to policyholders surplus accounts, for taxable years beginning after Dec. 31, 1958, see section 3(f) of Pub. L. 88-571, set out as a note under section 815 of this title.

EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-834 applicable with respect to taxable years ending after Dec. 31, 1961, see section 2(h) of Pub. L. 87-834, set out as an Effective Date note under section 46 of this title.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by section 42(b) of Pub. L. 85-866 applicable only with respect to taxable years beginning after Dec. 31, 1957, see section 42(c) of Pub. L. 85-866, set out as a note under section 904 of this title.

Amendment by section 83(b), (c) of Pub. L. 85-866 applicable only in respect of overpayments credited after Dec. 31, 1957, see section 83(d) of Pub. L. 85-866, set out as a note under section 6601 of this title.

NO INTEREST ON INDIVIDUAL INCOME TAX REFUNDS FOR 1974 REFUNDED WITHIN 60 DAYS AFTER RETURN IS FILED

Pub. L. 94-12, title I, §101(b), Mar. 29, 1975, 89 Stat. 28, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “In applying section 6611(e) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, ‘60 days’ shall be substituted for ‘45 days’ each place it appears in such section 6611(e).”

§ 6612. Cross references

(a) Interest on judgments for overpayments

For interest on judgments for overpayments, see 28 U.S.C. 2411(a).

(b) Adjustments

For provisions prohibiting interest on certain adjustments in tax, see section 6413(a).

(c) Other restrictions on interest

For other restrictions on interest, see 2014(e)¹ (relating to refunds attributable to foreign tax credits), 6412 (relating to floor stock refunds), 6413(d) (relating to taxes under the Federal Unemployment Tax Act), 6416 (relating to certain taxes on sales and services), 6419 (relating to the excise tax on wagering), and 6420 (relating to payments in the case of gasoline used on the farm for farming purposes), and 6421 (relating to payments in the case of gasoline used for certain nonhighway purposes or by local transit systems).

(Aug. 16, 1954, ch. 736, 68A Stat. 820; Apr. 2, 1956, ch. 160, §4(f), 70 Stat. 91; June 29, 1956, ch. 462, title II, §208(e)(7), 70 Stat. 397; Pub. L. 107-16, title V, §532(c)(12), June 7, 2001, 115 Stat. 75.)

AMENDMENT OF SECTION

For termination of amendment by section 901 of Pub. L. 107-16, see Effective and Termination Dates of 2001 Amendment note below.

REFERENCES IN TEXT

The Federal Unemployment Tax Act, referred to in subsec. (c), is act Aug. 16, 1954, ch. 736, §§3301 to 3311, 68A Stat. 454, as amended, which is classified generally to chapter 23 (§3301 et seq.) of this title. For complete classification of this Act to the Code, see section 3311 of this title and Tables.

AMENDMENTS

2001—Subsec. (c). Pub. L. 107-16, §532(c)(12), 901, temporarily struck out “section 2011(c) (relating to refunds

¹ So in original. Probably should be preceded by “sections”.

due to credit for State taxes),” after “see”. See Effective and Termination Dates of 2001 Amendment note below.

1956—Subsec. (c). Act June 29, 1956, inserted reference to section 6421 of this title.

Act Apr. 2, 1956, inserted reference to section 6420 of this title.

EFFECTIVE AND TERMINATION DATES OF 2001 AMENDMENT

Amendment by Pub. L. 107-16 applicable to estates of decedents dying, and generation-skipping transfers, after Dec. 31, 2004, see section 532(d) of Pub. L. 107-16, set out as a note under section 2011 of this title.

Amendment by Pub. L. 107-16 inapplicable to estates of decedents dying, gifts made, or generation skipping transfers, after Dec. 31, 2010, and the Internal Revenue Code of 1986 to be applied and administered to such estates, gifts, and transfers as if such amendment had never been enacted, see section 901 of Pub. L. 107-16, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1956 AMENDMENT

Amendment by act June 29, 1956, effective June 29, 1956, see section 211 of act June 29, 1956, set out as an Effective Date note under section 4041 of this title.

Subchapter C—Determination of Interest Rate; Compounding of Interest

Sec.	
6621.	Determination of rate of interest.
6622.	Interest compounded daily.

AMENDMENTS

1982—Pub. L. 97-248, title III, § 344(b)(3)(A), Sept. 3, 1982, 96 Stat. 636, inserted “; Compounding of Interest” after “Rate” in heading for subchapter C.

Pub. L. 97-248, title III, § 344(b)(2), Sept. 3, 1982, 96 Stat. 636, added item 6622.

§ 6621. Determination of rate of interest

(a) General rule

(1) Overpayment rate

The overpayment rate established under this section shall be the sum of—

(A) the Federal short-term rate determined under subsection (b), plus

(B) 3 percentage points (2 percentage points in the case of a corporation).

To the extent that an overpayment of tax by a corporation for any taxable period (as defined in subsection (c)(3), applied by substituting “overpayment” for “underpayment”) exceeds \$10,000, subparagraph (B) shall be applied by substituting “0.5 percentage point” for “2 percentage points”.

(2) Underpayment rate

The underpayment rate established under this section shall be the sum of—

(A) the Federal short-term rate determined under subsection (b), plus

(B) 3 percentage points.

(b) Federal short-term rate

For purposes of this section—

(1) General rule

The Secretary shall determine the Federal short-term rate for the first month in each calendar quarter.

(2) Period during which rate applies

(A) In general

Except as provided in subparagraph (B), the Federal short-term rate determined

under paragraph (1) for any month shall apply during the first calendar quarter beginning after such month.

(B) Special rule for individual estimated tax

In determining the addition to tax under section 6654 for failure to pay estimated tax for any taxable year, the Federal short-term rate which applies during the 3rd month following such taxable year shall also apply during the first 15 days of the 4th month following such taxable year.

(3) Federal short-term rate

The Federal short-term rate for any month shall be the Federal short-term rate determined during such month by the Secretary in accordance with section 1274(d). Any such rate shall be rounded to the nearest full percent (or, if a multiple of $\frac{1}{2}$ of 1 percent, such rate shall be increased to the next highest full percent).

(c) Increase in underpayment rate for large corporate underpayments

(1) In general

For purposes of determining the amount of interest payable under section 6601 on any large corporate underpayment for periods after the applicable date, paragraph (2) of subsection (a) shall be applied by substituting “5 percentage points” for “3 percentage points”.

(2) Applicable date

For purposes of this subsection—

(A) In general

The applicable date is the 30th day after the earlier of—

(i) the date on which the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals is sent, or

(ii) the date on which the deficiency notice under section 6212 is sent.

The preceding sentence shall be applied without regard to any such letter or notice which is withdrawn by the Secretary.

(B) Special rules

(i) Nondeficiency procedures

In the case of any underpayment of any tax imposed by this title to which the deficiency procedures do not apply, subparagraph (A) shall be applied by taking into account any letter or notice provided by the Secretary which notifies the taxpayer of the assessment or proposed assessment of the tax.

(ii) Exception where amounts paid in full

For purposes of subparagraph (A), a letter or notice shall be disregarded if, during the 30-day period beginning on the day on which it was sent, the taxpayer makes a payment equal to the amount shown as due in such letter or notice, as the case may be.

(iii) Exception for letters or notices involving small amounts

For purposes of this paragraph, any letter or notice shall be disregarded if the

amount of the deficiency or proposed deficiency (or the assessment or proposed assessment) set forth in such letter or notice is not greater than \$100,000 (determined by not taking into account any interest, penalties, or additions to tax).

(3) Large corporate underpayment

For purposes of this subsection—

(A) In general

The term “large corporate underpayment” means any underpayment of a tax by a C corporation for any taxable period if the amount of such underpayment for such period exceeds \$100,000.

(B) Taxable period

For purposes of subparagraph (A), the term “taxable period” means—

- (i) in the case of any tax imposed by subtitle A, the taxable year, or
- (ii) in the case of any other tax, the period to which the underpayment relates.

(d) Elimination of interest on overlapping periods of tax overpayments and underpayments

To the extent that, for any period, interest is payable under subchapter A and allowable under subchapter B on equivalent underpayments and overpayments by the same taxpayer of tax imposed by this title, the net rate of interest under this section on such amounts shall be zero for such period.

(Added Pub. L. 93-625, §7(a)(1), Jan. 3, 1975, 88 Stat. 2114; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 96-167, §4(b), Dec. 29, 1979, 93 Stat. 1275; Pub. L. 97-34, title VII, §711(a)-(c), Aug. 13, 1981, 95 Stat. 340; Pub. L. 97-248, title III, §345(a), Sept. 3, 1982, 96 Stat. 636; Pub. L. 98-369, div. A, title I, §144(a), July 18, 1984, 98 Stat. 682; Pub. L. 99-514, title XV, §§1511(a), (c)(1), 1535(a), Oct. 22, 1986, 100 Stat. 2744, 2750; Pub. L. 100-647, title I, §1015(d), Nov. 10, 1988, 102 Stat. 3569; Pub. L. 101-239, title VII, §7721(b), Dec. 19, 1989, 103 Stat. 2399; Pub. L. 101-508, title XI, §11341(a), Nov. 5, 1990, 104 Stat. 1388-470; Pub. L. 103-465, title VII, §713(a), Dec. 8, 1994, 108 Stat. 5001; Pub. L. 104-188, title I, §1702(c)(6), (7), Aug. 20, 1996, 110 Stat. 1870; Pub. L. 105-34, title XIV, §1463(a), title XVI, §1604(b)(1), Aug. 5, 1997, 111 Stat. 1057, 1097; Pub. L. 105-206, title III, §§3301(a), 3302(a), July 22, 1998, 112 Stat. 741.)

AMENDMENTS

1998—Subsec. (a)(1)(B). Pub. L. 105-206, §3302(a), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “2 percentage points.”

Subsec. (d). Pub. L. 105-206, §3301(a), added subsec. (d). 1997—Subsec. (a)(1). Pub. L. 105-34, §1604(b)(1), substituted “subsection (c)(3), applied by substituting ‘overpayment’ for ‘underpayment’” for “subsection (c)(3)” in concluding provisions.

Subsec. (c)(2)(B)(iii). Pub. L. 105-34, §1463(a), added cl. (iii).

1996—Subsec. (c)(2)(A). Pub. L. 104-188, §1702(c)(6), inserted closing provisions “The preceding sentence shall be applied without regard to any such letter or notice which is withdrawn by the Secretary.”

Subsec. (c)(2)(B)(i). Pub. L. 104-188, §1702(c)(7), substituted “this title” for “this subtitle”.

1994—Subsec. (a)(1). Pub. L. 103-465 inserted concluding provisions.

1990—Subsec. (c). Pub. L. 101-508 added subsec. (c).

1989—Subsec. (c). Pub. L. 101-239 repealed subsec. (c) which related to attribution of interest on substantial underpayments to tax motivated transactions.

1988—Subsec. (a)(1)(A), (2)(A). Pub. L. 100-647, §1015(d)(1), substituted “Federal short-term” for “short-term Federal”.

Subsec. (b). Pub. L. 100-647, §1015(d)(2), substituted “Federal short-term” for “short-term Federal” in heading.

Subsec. (b)(1). Pub. L. 100-647, §1015(d)(1), substituted “Federal short-term” for “short-term Federal”.

1986—Subsec. (a). Pub. L. 99-514, §1511(a), added subsec. (a) and struck out former subsec. (a) which read as follows: “The annual rate established under this section shall be such adjusted rate as is established by the Secretary under subsection (b).”

Subsec. (b). Pub. L. 99-514, §1511(a), added subsec. (b) relating to determination of Federal short-term rate and struck out former subsec. (b) which related to interest rate adjustments and establishment of adjusted rates.

Subsec. (c). Pub. L. 99-514, §1511(a), (c)(1), redesignated subsec. (d) as (c), in par. (1), struck out “annual” before “rate of interest” and substituted “the underpayment rate established under this section” for “the adjusted rate established under subsection (b)”, and struck out former subsec. (c) definition of prime rate, which read as follows: “For purposes of subsection (b), the term ‘adjusted prime rate charged by banks’ means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System.”

Subsec. (c)(3)(A)(v). Pub. L. 99-514, §1535(a), added cl. (v).

Subsec. (d). Pub. L. 99-514, §1511(c)(1)(A), redesignated subsec. (d) as (c).

1984—Subsec. (d). Pub. L. 98-369 added subsec. (d).

1982—Subsec. (b). Pub. L. 97-248 substituted provisions that if the adjusted prime rate charged by banks (rounded to the nearest full percent) during the 6-month period ending on September 30 of any calendar year, or during the 6-month period ending on March 31 of any calendar year, differs from the interest rate in effect under this section on either such date, respectively, then the Secretary shall establish, within 15 days after the close of the applicable 6-month period, an adjusted rate of interest equal to such adjusted prime rate, and that any adjusted rate of interest established under paragraph (1) shall become effective on January 1 of the succeeding year in the case of an adjustment attributable to paragraph (1)(A), and on July 1 of the same year in the case of an adjustment attributable to paragraph (1)(B), for provisions that the Secretary was to establish an adjusted rate of interest for the purpose of subsection (a) not later than October 15 of any year if the adjusted prime rate charged by banks during September of that year, rounded to the nearest full percent, was at least a full percentage point more or less than the interest rate which was then in effect, and that any such adjusted rate of interest would be equal to the adjusted prime rate charged by banks, rounded to the nearest full percent, and would become effective on January 1 of the immediately succeeding year.

1981—Subsec. (b). Pub. L. 97-34, §711(a), struck out provision that an adjustment provided for under this subsection not be made prior to the expiration of 23 months following the date of any preceding adjustment under this subsection which changes the rate of interest.

Pub. L. 97-34, §711(c), substituted “January 1” for “February 1”.

Subsec. (c). Pub. L. 97-34, §711(b), struck out “90 percent of” before “the average predominant prime rate”.

1979—Subsec. (a). Pub. L. 96-167 substituted provisions setting the annual rate established under this section to be such adjusted rate as is established by the Secretary under subsec. (b) of this section for provision that the rate of interest under sections 6601(a), 6602,

6611(a), 6332(c)(1), and 7426(g) of this title, and under section 2411(a) of title 28 was to be 9 percent per annum, or such adjusted rate as was established by the Secretary under subsection (b).

1976—Subsecs. (a), (b). Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by section 3301(a) of Pub. L. 105-206 applicable to interest for periods beginning after July 22, 1998, and, subject to applicable statutes of limitation, to interest for periods beginning before July 22, 1998, if taxpayer reasonably identifies and establishes periods of overpayments and underpayments for which zero rate applies, and not later than Dec. 31, 1999, requests application of subsec. (d) of this section to such periods, see section 3301(c) of Pub. L. 105-206, set out as a note under section 6601 of this title.

Pub. L. 105-206, title III, §3302(b), July 22, 1998, 112 Stat. 742, provided that: “The amendment made by this section [amending this section] shall apply to interest for the second and succeeding calendar quarters beginning after the date of the enactment of this Act [July 22, 1998].”

EFFECTIVE DATE OF 1997 AMENDMENT

Section 1463(b) of Pub. L. 105-34 provided that: “The amendment made by subsection (a) [amending this section] shall apply for purposes of determining interest for periods after December 31, 1997.”

Amendment by section 1604(b)(1) of Pub. L. 105-34 effective as if included in the sections of the Uruguay Round Agreements Act, Pub. L. 103-465, to which it relates, see section 1604(b)(4) of Pub. L. 105-34, set out as a note under section 412 of this title.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-188 effective, except as otherwise expressly provided, as if included in the provision of the Revenue Reconciliation Act of 1990, Pub. L. 101-508, title XI, to which such amendment relates, see section 1702(i) of Pub. L. 104-188, set out as a note under section 38 of this title.

EFFECTIVE DATE OF 1994 AMENDMENT

Section 713(b) of Pub. L. 103-465 provided that: “The amendment made by this section [amending this section] shall apply for purposes of determining interest for periods after December 31, 1994.”

EFFECTIVE DATE OF 1990 AMENDMENT

Section 11341(b) of Pub. L. 101-508 provided that: “The amendment made by subsection (a) [amending this section] shall apply for purposes of determining interest for periods after December 31, 1990.”

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7721(d) of Pub. L. 101-239, set out as a note under section 461 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 1511(a), (c)(1) of Pub. L. 99-514 applicable for purposes of determining interest for periods after Dec. 31, 1986, see section 1511(d) of Pub. L. 99-514, set out as a note under section 47 of this title.

Section 1535(b) of Pub. L. 99-514 provided that: “The amendment made by subsection (a) [amending this section] shall apply to interest accruing after December

31, 1984; except that such amendment shall not apply in the case of any underpayment with respect to which there was a final court decision before the date of the enactment of this Act [Oct. 22, 1986].”

EFFECTIVE DATE OF 1984 AMENDMENT

Section 144(c) of Pub. L. 98-369 provided that: “The amendments made by this section [amending this section and section 6214 of this title] shall apply with respect to interest accruing after December 31, 1984.”

EFFECTIVE DATE OF 1982 AMENDMENT

Section 345(b) of Pub. L. 97-248, as amended by Pub. L. 98-369, div. A, title VII, §714(m), July 18, 1984, 98 Stat. 963, provided that: “The amendment made by this section [amending this section] shall apply to adjustments taking effect on or after January 1, 1983.”

EFFECTIVE DATE OF 1981 AMENDMENT

Section 711(d) of Pub. L. 97-34 provided that:

“(1) FOR SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) [amending this section] shall apply to adjustments made after the date of the enactment of this Act [Aug. 13, 1981].

“(2) FOR SUBSECTION (c).—The amendment made by subsection (c) [amending this section] shall apply to adjustments made for periods after 1982.”

EFFECTIVE DATE OF 1979 AMENDMENT

Section 4(c)(2) of Pub. L. 96-167 provided that: “The amendment made by subsection (b) [amending this section] shall take effect on the date of the enactment of this Act [Dec. 29, 1979].”

EFFECTIVE DATE

Section 7(e) of Pub. L. 93-625 provided that: “The amendments made by this section [enacting this section and amending sections 514, 6163, 6166, 6167, 6332, 6504, 6601, 6602, 6611, 6654, 6655, and 7426 of this title and section 2411 of Title 28, Judiciary and Judicial Procedure] shall take effect on July 1, 1975, and apply to amounts outstanding on such date or arising thereafter.”

REGULATIONS

Section 1511(b) of Pub. L. 99-514 provided that: “The Secretary of the Treasury or his delegate may issue regulations to coordinate section 6621 of the Internal Revenue Code of 1954 [now 1986] (as amended by this section) with section 6601(f) of such Code. Such regulations shall not apply to any period after the date 3 years after the date of the enactment of this Act [Oct. 22, 1986].”

§ 6622. Interest compounded daily

(a) General rule

In computing the amount of any interest required to be paid under this title or sections 1961(c)(1) or 2411 of title 28, United States Code, by the Secretary or by the taxpayer, or any other amount determined by reference to such amount of interest, such interest and such amount shall be compounded daily.

(b) Exception for penalty for failure to file estimated tax

Subsection (a) shall not apply for purposes of computing the amount of any addition to tax under section 6654 or 6655.

(Added Pub. L. 97-248, title III, §344(a), Sept. 3, 1982, 96 Stat. 635.)

EFFECTIVE DATE

Section 344(c) of Pub. L. 97-248 provided that: “The amendments made by this section [enacting this sec-

tion and amending section 6601 of this title] shall apply to interest accruing after December 31, 1982.”

Subchapter D—Notice Requirements

Sec.
6631. Notice requirements.

AMENDMENTS

2000—Pub. L. 106-554, §1(a)(7) [title III, §319(22)], Dec. 21, 2000, 114 Stat. 2763, 2763A-647, substituted “Requirements” for “requirements” in subchapter heading.

§ 6631. Notice requirements

The Secretary shall include with each notice to an individual taxpayer which includes an amount of interest required to be paid by such taxpayer under this title information with respect to the section of this title under which the interest is imposed and a computation of the interest.

(Added Pub. L. 105-206, title III, §3308(a), July 22, 1998, 112 Stat. 745.)

EFFECTIVE DATE

Pub. L. 105-206, title III, §3308(c), July 22, 1998, 112 Stat. 745, as amended by Pub. L. 106-554, §1(a)(7) [title III, §302(c)], Dec. 21, 2000, 114 Stat. 2763, 2763A-632, provided that: “The amendments made by this section [enacting this subchapter] shall apply to notices issued after June 30, 2001. In the case of any notice issued after June 30, 2001, and before July 1, 2003, to which section 6631 of the Internal Revenue Code of 1986 applies, the requirements of section 6631 of such Code shall be treated as met if such notice contains a telephone number at which the taxpayer can request a copy of the taxpayer’s payment history relating to interest amounts included in such notice.”

CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

Subchapter	Sec. ¹
A. Additions to the tax and additional amounts	6651
B. Assessable penalties	6671
C. Procedural requirements	6751

AMENDMENTS

1998—Pub. L. 105-206, title III, §3306(b), July 22, 1998, 112 Stat. 744, added item for subchapter C.

Subchapter A—Additions to the Tax and Additional Amounts

Part	
I.	General provisions.
II.	Accuracy-related and fraud penalties.
III.	Applicable rules.

AMENDMENTS

1989—Pub. L. 101-239, title VII, §7721(c)(13), Dec. 19, 1989, 103 Stat. 2400, added part analysis consisting of parts I to III.

PART I—GENERAL PROVISIONS

Sec.	
6651.	Failure to file tax return or pay tax. ¹
6652.	Failure to file certain information returns, registration statements, etc.
6653.	Failure to pay stamp tax.
6654.	Failure by individual to pay estimated income tax.

¹ Section numbers editorially supplied.

¹ So in original. Does not conform to section catchline.

6655.	Failure by corporation to pay estimated income tax.
6656.	Failure to make deposit of taxes.
6657.	Bad checks.
6658.	Coordination with title 11.
[6659 to 6661. Repealed.]	

AMENDMENTS

1996—Pub. L. 104-188, title I, §1704(t)(19), Aug. 20, 1996, 110 Stat. 1888, struck out item 6662 “Applicable rules”.
1989—Pub. L. 101-239, title VII, §§7721(c)(13), (14), 7742(b), Dec. 19, 1989, 103 Stat. 2400, 2405, added part heading, substituted “Failure to pay stamp tax” for “Additions to tax for negligence and fraud” in item 6653, substituted “of taxes” for “of taxes or overstatement of deposits” in item 6656, and struck out items 6659 “Addition to tax in the case of valuation overstatements for purposes of the income tax”, 6659A “Addition to tax in case of overstatements of pension liabilities”, 6660 “Addition to tax in the case of valuation understatement for purposes of estate or gift taxes”, and 6661 “Substantial understatement of liability”.

1986—Pub. L. 99-514, title XI, §1138(b), title XV, §1503(d)(2), Oct. 22, 1986, 100 Stat. 2486, 2743, substituted “Additions to tax for negligence and fraud” for “Failure to pay tax” in item 6653 and added item 6659A.

1984—Pub. L. 98-369, div. A, title I, §155(c)(2)(B), July 18, 1984, 98 Stat. 695, added item 6660.

1982—Pub. L. 97-248, title III, §323(b), Sept. 3, 1982, 96 Stat. 615, added item 6661 and redesignated former item 6660 as 6662. See Codification note set out under section 6662 of this title.

1981—Pub. L. 97-34, title VII, §§722(a)(2), 724(b)(2), Aug. 13, 1981, 95 Stat. 342, 345, inserted “or overstatement of deposits” in item 6656, added item 6659, and redesignated item 6659 as 6660.

1980—Pub. L. 96-589, §6(e)(2), Dec. 24, 1980, 94 Stat. 3408, added item 6658.

1979—Pub. L. 96-167, §6(b), Dec. 29, 1979, 93 Stat. 1276, struck out item 6658 “Addition to tax in case of jeopardy”.

1974—Pub. L. 93-406, title II, §1031(b)(1)(B)(ii), Sept. 2, 1974, 88 Stat. 946, inserted “, registration statements, etc.” in item 6652.

1969—Pub. L. 91-172, title IX, §943(c)(5), 83 Stat. 729, inserted “or pay tax” in item 6651.

§ 6651. Failure to file tax return or to pay tax

(a) Addition to the tax

In case of failure—

(1) to file any return required under authority of subchapter A of chapter 61 (other than part III thereof), subchapter A of chapter 51 (relating to distilled spirits, wines, and beer), or of subchapter A of chapter 52 (relating to tobacco, cigars, cigarettes, and cigarette papers and tubes), or of subchapter A of chapter 53 (relating to machine guns and certain other firearms), on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the amount required to be shown as tax on such return 5 percent of the amount of such tax if the failure is for not more than 1 month, with an additional 5 percent for each additional month or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate;

(2) to pay the amount shown on tax on any return specified in paragraph (1) on or before the date prescribed for payment of such tax (determined with regard to any extension of